JAGUAR MINING INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018 AND 2017

(UNAUDITED)

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Unaudited and expressed in thousands of US dollars)

		June 30, 2018	December 31, 2017
ASSETS			
Current assets			
Cash and cash equivalents		$ **9,244**	$ 18,628
Restricted cash	*Note 3*	**5,462**	2,926
Inventory	*Note 4*	**11,986**	12,257
Recoverable taxes	*Note 5*	**7,629**	10,848
Other accounts receivable	*Note 6*	**5,051**	3,576
Prepaid expenses and advances		**1,023**	1,241
Derivatives receivable	*Note 28*	**611**	-
Total current assets		**41,006**	49,476
Non-current assets			
Royalty interests	*Note 6*	**8,476**	8,476
Property, plant and equipment	*Note 7*	**115,022**	110,177
Mineral exploration projects	*Note 8*	**6,968**	6,968
Recoverable taxes	*Note 5*	**3,448**	4,388
Other accounts receivable	*Note 6*	**-**	1,500
Restricted cash	*Note 3*	**2,342**	2,694
Total assets		$ **177,262**	$ 183,679
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	*Note 9*	$ **15,806**	$ 17,896
Notes payable	*Note 10*	**7,983**	12,385
Customer advances	*Note 11*	**7,000**	-
Current tax liability		**-**	466
Other taxes payable	*Note 12*	**525**	$ -
Reclamation provisions	*Note 13*	**383**	528
Other provisions and liabilities	*Note 14*	**3,916**	4,069
Derivatives payable	*Note 28*	**1,368**	-
Total current liabilities		**36,981**	35,344
Non-current liabilities			
Notes payable	*Note 10*	**1,066**	5,140
Other taxes payable	*Note 12*	**1,857**	-
Reclamation provision	*Note 13*	**15,535**	17,513
Other provisions and liabilities	*Note 14*	**6,032**	7,296
Total liabilities		$ **61,471**	$ 65,293
SHAREHOLDERS' EQUITY			
Common shares	*Note 15*	$ **545,693**	$ 545,693
Warrants	*Note 15*	**94**	94
Stock options	*Note 15*	**1,001**	922
Deferred share units	*Note 15*	**1,441**	1,018
Contributed surplus		**20,350**	20,332
Deficit		**(452,788)**	(449,673)
Total shareholders' equity		$ **115,791**	$ 118,386
Total liabilities and shareholders' equity		$ **177,262**	$ 183,679

On behalf of the Board:

(signed) "Richard Falconer" *(signed) "Rodney Lamond"*

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

For the three and six months ended June 30, 2018 and 2017

(Unaudited and expressed in thousands of US dollars, except per share amounts and number of shares)

		Three Months Ended June 30,		Six Months Ended June 30,	
		2018	2017	**2018**	2017
Revenue		**$ 22,888**	$ 23,352	**$ 48,116**	$ 52,544
Operating costs	*Note 17*	**12,356**	15,990	**27,755**	37,498
Depreciation		**4,407**	4,796	**9,293**	11,372
Gross profit		**6,125**	2,566	**11,068**	3,674
Exploration and evaluation costs		**151**	258	**484**	578
Care and maintenance costs (Paciência and Roça Grande mines)		**479**	353	**1,407**	685
Stock-based compensation	*Note 15(c)(d)*	**130**	247	**521**	703
General and administrative expenses		**2,551**	2,344	**4,847**	5,215
Amortization		**42**	61	**85**	146
Change in legal and VAT provisions	*Note 18*	**847**	48	**1,483**	2,196
Other operating expenses	*Note 19*	**1,957**	894	**2,574**	1,247
Operating (loss) income		**(32)**	(1,639)	**(333)**	(7,096)
Foreign exchange (gain)	*Note 20*	**(1,575)**	(470)	**(1,286)**	(10)
Financial instruments loss (gain)	*Note 21*	**1,639**	(375)	**1,741**	(347)
Finance costs	*Note 22*	**1,355**	1,453	**2,131**	3,019
Other non-operating expenses	*Note 23*	**91**	354	**173**	327
Loss before income taxes		**(1,542)**	(2,601)	**(3,092)**	(10,085)
Current income tax (recovery) expense		**(208)**	722	**23**	1,115
Total income tax (recovery) expense		**(208)**	722	**23**	1,115
Net loss		**$ (1,334)**	$ (3,323)	**$ (3,115)**	$ (11,200)
Total comprehensive loss		**$ (1,334)**	$ (3,323)	**$ (3,115)**	$ (11,200)
Earnings per share	*Note 16*				
Loss per share					
Basic and diluted		**$ (0.00)**	$ (0.01)	**$ (0.01)**	$ (0.04)
Weighted average shares outstanding					
Basic and diluted		**325,115,403**	310,107,388	**325,115,403**	308,619,796

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

For the three and six months ended June 30, 2018 and 2017

(Unaudited and expressed in thousands of US dollars)

		Three Months Ended June 30,		Six Months Ended June 30,	
		2018	2017	**2018**	2017
OPERATING ACTIVITIES					
Net loss for the period		**$ (1,334)**	$ (3,323)	**$ (3,115)**	$ (11,200)
Adjustments and non-cash items					
Depreciation and amortization		**4,450**	4,857	**9,378**	11,518
Write-down of inventory		**-**	553	**-**	929
Accretion of interest expense	*Note 22*	**617**	275	**943**	646
Interest expense	*Note 22*	**1,074**	1,178	**1,523**	2,373
Unrealized foreign exchange loss (gain)	*Note 20*	**(1,751)**	(49)	**(1,964)**	239
Current income tax (recovery) expense		**(208)**	722	**23**	1,115
Other tax expense	*Note 12*	**2,382**	-	**2,382**	-
Change in unrealized derivatives	*Note 28*	**604**	(370)	**757**	(370)
Change in legal provisions	*Note 18*	**1,092**	592	**1,605**	702
Other operating activities (recovery) expense	*Note 24*	**(16)**	(44)	**691**	2,601
Changes in working capital	*Note 25*	**(2,450)**	(4,175)	**(2,785)**	(6,482)
Net cash provided by operating activities		**4,460**	216	**9,438**	2,071
INVESTING ACTIVITIES					
Mineral exploration projects		**(85)**	(47)	**(158)**	(18)
Purchase of property, plant and equipment		**(7,745)**	(5,748)	**(14,570)**	(13,496)
Proceeds from disposition of property, plant and equipment		**-**	233	**132**	506
Net cash (used in) investing activities		**(7,830)**	(5,562)	**(14,596)**	(13,008)
FINANCING ACTIVITIES					
Cash received upon issuance of shares via private placement		**-**	5,775	**-**	5,775
Cash received upon issuance of debt		**2,475**	4,870	**2,475**	8,391
Cash received upon issuance of customer advances		**7,000**	-	**7,000**	-
Repayment of debt		**(9,160)**	(2,204)	**(11,904)**	(7,475)
Restricted cash margin deposits paid		**(2,000)**	-	**(2,000)**	-
Interest paid		**(219)**	(397)	**(475)**	(1,103)
Net cash (used in) financing activities		**(1,904)**	8,044	**(4,904)**	5,588
Effect of exchange rate changes on cash and cash equivalents	*Note 20*	**175**	(147)	**678**	(249)
Net (decrease) in cash and cash equivalents		**(5,099)**	2,551	**(9,384)**	(5,598)
Cash and cash equivalents at the beginning of the period		**14,343**	18,155	**18,628**	26,304
Cash and cash equivalents at the end of the period		**$ 9,244**	$ 20,706	**$ 9,244**	$ 20,706

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the three and six months ended June 30, 2018 and 2017

(Unaudited and expressed in thousands of US dollars)

	Common Shares		Warrants		Stock Options		Deferred Share Units		Contributed Surplus	Deficit	Total Equity
	Shares	Amount	Units	Amount	Options	Amount	Units	Amount			
Balance as at January 1, 2017	307,115,675	$ 539,802	3,073,411	$ 94	8,311,841	$ 464	1,583,805	$ 485	$ 20,332	$ (446,843)	$ 114,334
Shares issued from private placement	17,624,728	5,775	-	-	-	-	-	-	-	-	5,775
Shares issued to Sprott Lending	375,000	116	-	-	-	-	-	-	-	-	116
Stock options granted	-	-	-	-	733,740	264	-	-	-	-	264
Deferred share units granted	-	-	-	-	-	-	1,177,160	439	-	-	439
Net loss	-	-	-	-	-	-	-	-	-	(11,200)	(11,200)
Balance as at June 30, 2017	325,115,403	$ 545,693	3,073,411	$ 94	9,045,581	$ 728	2,760,965	$ 924	$ 20,332	$ (458,043)	$ 109,728
Balance as at January 1, 2018	325,115,403	$ 545,693	3,073,411	$ 94	9,445,581	$ 922	2,793,964	$ 1,018	$ 20,332	$ (449,673)	$ 118,386
Stock options granted	-	-	-	-	1,574,000	96	-	-	-	-	96
Stock options forfeited	-	-	-	-	(801,437)	(17)	-	-	17	-	-
Deferred share units granted	-	-	-	-	-	-	2,463,000	424	-	-	424
Deferred share units forfeited	-	-	-	-	-	-	(342,302)	(1)	1	-	-
Net loss	-	-	-	-	-	-	-	-	-	(3,115)	(3,115)
Balance as at June 30, 2018	**325,115,403**	**$ 545,693**	**3,073,411**	**$ 94**	**10,218,144**	**$ 1,001**	**4,914,662**	**$ 1,441**	**$ 20,350**	**$ (452,788)**	**$ 115,791**

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

1. Nature of business

Jaguar Mining Inc. (the “Company” or “Jaguar”) is a corporation continued under the *Business Corporations Act* (Ontario) engaged in the acquisition, exploration, development, and operation of gold producing properties in Brazil. The address of the Company’s registered and principal executive office is 100 King Street West, Suite 5600, Toronto, Ontario, Canada, M5X 1C9.

In February 2017, the Company completed a merger between two of its subsidiaries, Mineração Serras do Oeste Ltda. (“MSOL”) and Mineração Turmalina Ltda. (“MTL”), with MSOL being the surviving legal entity. In September 2017, the Company and Avanco Resources Limited (“Avanco”) entered into an Accelerated Earn-In Agreement, pursuant to which Avanco established terms to acquire a 100% ownership of MCT Mineração Ltda. (“MCT”) and the Gurupi mineral exploration asset held therein. In October 2017, the Company completed the sale of its Gurupi Project (“Gurupi”) to Avanco Resources Limited (“Avanco”) by transferring the quotas (i.e. equity shares) in MCT Mineração Ltda. that were currently held directly or indirectly by the Company, to Avanco, pursuant to the Accelerated Earn-In Agreement (Note 6).

The Company’s condensed interim consolidated financial statements of the Company as at and for the three and six months ended June 30, 2018 and 2017, include the accounts of the Company and its wholly-owned subsidiaries Mineração Serras do Oeste Ltda. (“MSOL”), Mineração Turmalina Ltda. (“MTL”), and MCT Mineração Ltda. (“MCT”), and in 2017 contemplate the result of the above-mentioned transactions completed. All significant intercompany accounts and transactions have been eliminated on consolidation.

The Company’s condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting (“IAS 34”) as issued by the International Accounting Standards Board (“IASB”). These condensed interim consolidated financial statements do not include all annual disclosures as required by International Financial Reporting Standards (“IFRS”), and should be read in connection with the Company’s December 31, 2017 audited annual consolidated financial statements.

The condensed interim consolidated financial statements were authorized for issuance by the Board of Directors on August 14, 2018.

2. Significant accounting policies and estimates

The accounting policies and estimates applied in these condensed interim consolidated financial statements are consistent with those used in the Company’s audited annual consolidated financial statements for the year ended December 31, 2017, except for a change in the units of production depreciation, a definition of the accounting treatment for customer advances, and the adoption of the following standards amended by the IASB that were effective and adopted as of January 1, 2018:

- Customer advances – Significant judgment was required in determining the appropriate accounting treatment for interest-bearing customer advances. The upfront cash deposit received from the customer is accounted for as deferred revenue, as the Company has determined that such will be recognized through the delivery of non-financial products (gold concentrate) rather than cash or financial assets. It is the Company´s intentions to settle the advance obligations through its own production and if this is not possible, this would lead to the advance arrangement becoming a derivative since a cash settlement payment may be required. This would cause a change to the accounting treatment, resulting in the revaluation of the fair value of the agreement through the income statement on a recurring basis.

- Units of production depreciation – As of January 1, 2018, the Company changed the accounting estimates used to depreciate the Caete’s mining properties and mineral exploration projects on a unit-of-production basis from using the expected amount of recoverable reserves to the use of the expected amount of recoverable mineral resources. The change in accounting estimate was made to ensure depreciation reflects management's best estimate of the useful life of the Caeté project and has been accounted for on a prospective basis. Due to the annual updating of recoverable mineral resources, it is impracticable to estimate the impact of the change in estimate in future periods.

(Unaudited Tabular dollar amounts expressed in thousands of US dollars, except per share amounts and number of shares)

- IFRS 2 Share-based Payment ("IFRS 2") – In June 2016, the IASB issued amendments to IFRS 2 Share-based Payment, covering the measurement of cash-settled share-based payments, classification of share-based payments settled net of tax withholdings, and accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements, and potentially the timing and amount of expense recognized for new and outstanding awards. There was no material impact on the Company's condensed interim consolidated financial statements upon adoption of this standard.

- IFRS 9 Financial Instruments ("IFRS 9") – In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments, bringing together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9's key changes include but are not limited to eliminating the previous IAS 39 categories for financial assets of held to maturity, loans and receivables, and available for sale and (ii) replacing IAS 39's incurred loss model with the expected credit loss model in evaluating certain financial assets for impairment. In implementing IFRS 9, the Company updated the financial instrument classifications within its accounting policy as follows:

Asset or Liability	**Classification at December 31, 2017 under IAS 39**	**Classification Effective January 1, 2018 Under IFRS 09**
Cash and cash equivalents	Loans and receivables	Amortized cost
Other accounts receivable	Loans and receivables	Amortized cost
Derivative assets and liabilities	FVTPL (Fair value through profit and loss)	FVTPL (Fair value through profit and loss)
Accounts payable and accrued liabilities	Other financial liabilities	Other financial liabilities
Notes payable (excluding the Sprott Facility)	Other financial liabilities	Other financial liabilities
Other provisions	Other financial liabilities	Other financial liabilities
Sprott Facility	Amortized cost	Amortized cost

There was no material impact on the Company's condensed interim consolidated financial statements upon adoption of this standard.

- IFRS 15 Revenue from Contracts with Customers ("IFRS 15") – In May 2014, the IASB issued IFRS 15, which covers principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. In implementing IFRS 15, the Company converted its revenue recognition policy into a five step model to recognize revenue upon satisfying performance obligations and transferring control of its inventory to its customers. The following is the new accounting policy for revenue recognition under IFRS 15:

The five step model is summarized as follows:

1. Identify the contract with a customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognize revenue when (or as) the entity satisfies a performance obligation

The Company produces gold doré which is generally refined by a third party and delivered to its customers, sold at a sales price based on prevailing spot market gold prices. The Company recognizes revenue when it transfers control of the gold doré to the customer, which generally occurs upon delivery. Payment is received on the date or within a few days of transfer of control.

There was no material impact on the Company's condensed interim consolidated financial statements upon adoption of this standard.

- IFRIC 22 Foreign Currency Transactions and Advance Consideration ("IFRIC 22") – In December 2016 the IASB issued IFRIC 22. IFRIC 22 clarifies the date that should be used for translation when a foreign currency transaction involves an advance payment or receipt. There was no material impact on the Company's condensed interim consolidated financial statements upon adoption of this standard.

The following are recent pronouncements approved by the IASB that are pending adoption:

- IFRS 16 Leases ("IFRS 16") – In January 2016, the IASB issued IFRS 16, which requires lessees to recognize assets and liabilities for most leases. Application of the standard is mandatory for annual reporting periods beginning on or after January 1, 2019, with earlier application permitted, provided the new revenue standard, IFRS 15, has been applied or is applied at the same date as IFRS 16. The impact of IFRS 16 on the Company's consolidated financial statements has not yet been determined.

- IFRIC 23 Uncertainty over Income Tax Treatments ("IFRIC 23") On June 2017, the IASB issued IFRIC 23 Uncertainty over Income Tax Treatments. The interpretation seeks to bring clarity to the accounting for income tax that have yet to be accepted by tax authorities and provides requirements, in addition to the requirements in IAS 12 Income Taxes, by specifying how to reflect the effects of uncertainty in accounting for income taxes. IFRIC 23 is effective for annual reporting periods beginning on or after January 1, 2019, with earlier adoption permitted. The impact of IFRIC 23 on the Company's consolidated financial statements has not yet been determined.

3. Restricted cash

Restricted cash consists of escrow judicial deposits related to the Company's labour and civil litigation (Note 12) and the $2 million margin deposit to Auramet International LLC, pursuant to the customer advance agreement with Auramet (Note 11).

(Unaudited Tabular dollar amounts expressed in thousands of US dollars, except per share amounts and number of shares)

4. Inventory

Inventory is comprised of the following:

	June 30, 2018	December 31, 2017
Raw material	$ 2,729	$ 2,392
Mine operating supplies	4,681	4,472
Ore in stockpiles	26	363
Gold in process	1,276	2,160
Unrefined gold doré	3,274	2,870
Total inventory	**$ 11,986**	$ 12,257

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	**2018**	2017
Depreciation included in cost of sales	**$ 4,407**	$ 4,796	**$ 9,293**	$ 11,372

The inventories amount recognized in Direct mining and processing costs for the three and six months ended June 30, 2018 were $11.5 million and $26.0 million, respectively ($14.8 million and $35.0 million, respectively, during the three and six months ended June 30, 2017). During the three and six months ended June 30, 2018, there were no inventory write downs to net realizable value ($553,000 and $929,000, respectively, during the three and six months ended June 30, 2017).

5. Recoverable taxes

	December 31, 2017	Additions/ reversals	Tax refunded	Write-off & sales of credits	Applied to taxes payable	Foreign exchange	June 30, 2018
Value added taxes and other[1]	$ 7,912	1,895	$ (1,723)	$ -	$ (2,496)	$ (2,004)	**$ 3,584**
Provision for VAT and other[2]	(2,331)	93	-	-	-	304	**(1,934)**
Net VAT and other taxes	$ 5,581	$ 1,988	$ (1,723)	$ -	$ (2,496)	$ (1,700)	**$ 1,650**
ICMS[3]	$ 14,604	$ 2,037	$ (255)	$ (381)	$ (42)	$ (2,231)	**$ 13,732**
Provision for ICMS[3]	(4,949)	(70)	$ -	$ -	-	714	**(4,305)**
Net ICMS	$ 9,655	$ 1,967	$ (255)	$ (381)	$ (42)	$ (1,517)	**$ 9,427**
Total recoverable taxes	**$ 15,236**	**$ 3,955**	**$ (1,978)**	**$ (381)**	**$ (2,538)**	**$ (3,217)**	**$ 11,077**
Less: current portion	10,848						**7,629**
Non-current portion	$ 4,388						**$ 3,448**

1) The Company is required to pay certain value added taxes in Brazil that are based on purchases of consumables and property, plant and equipment. These taxes are recoverable from the Brazilian tax authorities through various methods, including as cash refund or as a credit against current taxes payable.

   The Company continues to pursue approval of Federal VAT input tax credits with respect to the years 2008 through 2011 for its MSOL operating subsidiary. MSOL is the operating subsidiary for the Turmalina complex comprising the Turmlina mine and the Caeté complex comprising the Pilar and Roça Grande mines. The Company received a cash refund in the amount of R$3.5 million (approximately $1.0 million) in March 2016, related to MSOL. In July 2016, the Company initiated a lawsuit to obtain a court order to force the tax authority to review the Company's remaining tax credits for MSOL with respect to the years 2008 to 2011, amounting to R$36.0 million (approximately $11.0 million). A court order was granted and by November 2016, the Tax Authority reviewed the claim and granted a favourable decision to partially recognize the amount claimed, deeming R$1.5 million (approximately $0.5 million) due to the Company. The Company collected this amount and proceeded to appeal the Tax Authority´s review result in pursuit of further tax credit refund recognition on this claim.

(Unaudited Tabular dollar amounts expressed in thousands of US dollars, except per share amounts and number of shares)

In Q1 2018, Jaguar resolved a dispute with the Canada Revenue Agency ("CRA") with respect to its recoverable harmonized sales taxes (HST). On February 5, 2018, Jaguar received a favourable judgement from the tax court of Canada relating to HST refunds claimed for the period October 1, 2013 to December 31, 2015. As at December 31, 2017, the Company had $1.7 million in recoverable HST taxes on its balance sheet, $1.3 million derived from the period October 1, 2013 to December 31, 2015 and $0.4 million derived from the period January 1, 2016 to December 31, 2017. In March 2018, the Company received the $1.7 million HST tax refund in its entirety from the CRA and, as such, converted the recoverable tax balance to cash.

2) The Company has recorded a provision against its recoverable taxes in Brazil given the limited methods available to recover such taxes and the length of time it will take to recover such taxes. The provision reduces the net carrying amount of value added taxes and other taxes to their estimated recoverable value.ss

3) ICMS – *Imposto sobre circulação de mercadorias e prestação de serviços* is a type of value added tax which can either be sold to other companies (usually at a discount rate of 15% - 41%), be used to satisfy ICMS tax settlement installments due, or be used to purchase specified machinery and equipment, as subject to approval by government authority. The ICMS credits can only be realized in the state where they were generated; in the case of Jaguar, in the State of Minas Gerais, Brazil.

In the six months ended June 30, 2018, the Company sold R$ 2.8 million (approximately $0.7 million) in ICMS export tax credits and received approval from the state tax authority to sell an additional R$4.5 million (approximately $1.4 million) in ICMS export tax credits. As at June 30, 2018, the Company held R$7.4 million (approximately $1.9 million) in ICMS export tax credits authorized for sale but not yet sold (December 31, 2017 – R$ 5 million, approximately $1.5 million).

In June 2018, the Company decided to enter into an Administrative Agreement with the Minas Gerais State Tax authority in order to pay R$8.3 million (approximately $2.2 million) in historical ICMS taxes due, as further detailed in Note 11. In accordance with the agreement, the Company will pay its ICMS debt due in 60 (sixty) monthly installments using ICMS tax credits (non-cash).

6. Other accounts receivable and Royalty interests

		June 30, 2018		December 31, 2017
Due from Avanco Resources Limited - Gurupi Sale		**5,000**		5,000
Other accounts receivable		**51**		76
Total other accounts receivable	**$**	**5,051**	$	5,076
Less: current portion		**5,051**		3,576
Non-current portion	**$**	**-**	$	1,500

Effective September 17, 2017, the Company entered into an accelerated earn-in agreement ("the Accelerated Earn-In Agreement") to sell to Avanco Resources Limited ("Avanco") its Gurupi mineral exploration properties and the Brazilian subsidiary in which they were held. In October 2017, the Company completed the sale of its Gurupi Project ("Gurupi") to Avanco Resources Limited ("Avanco") by transferring the quotas (i.e. equity shares) in MCT Mineração Ltda. that were held directly or indirectly by the Company, to Avanco, pursuant to the Accelerated Earn-In Agreement.

(Unaudited Tabular dollar amounts expressed in thousands of US dollars, except per share amounts and number of shares)

Under the terms of the Accelerated Earn-In Agreement, and following the satisfactory completion of certain closing conditions, Avanco earned 100% of Jaguar's equity interest in Gurupi by committing (i) to pay to Jaguar $9 million in aggregate cash payments and (ii) to pay Jaguar a net smelter royalty valued at 1% on the first 0.5 million gold ounces sold, 2% on gold ounces sold in excess of 0.5 million oz and up to 1.5 million oz, and 1% NSR on gold ounces sold in excess of 1.5 million oz. Avanco also holds a first right of refusal to acquire the Paciência Processing Plant should the Company seek to divest such an asset at a future time.

Within 24 months as from October 2017 (the date in which Avanco received ownership), Avanco will arrange to have published an Australian Joint Ore Reserve Committee (JORC) code compliant technical report completed regarding the Project with mineral reserves in excess of 500,000 ounces of gold. Any delay in this milestone will result in a project delay fee payable to Jaguar of $250,000 per six months of delayed period. Within 60 months of the initial $4 million payment, Avanco will aim to commission the Gurupi mine and plant. Any delay in this commissioning milestone will result in a separate project delay fee payable to Jaguar of $250,000 per six months of delayed period.

Jaguar received an initial aggregate cash payment of $4 million, in two installments of $2 million each in September and October 2017. The Company will collect the additional $5 million from Avanco in a series of 10 instalments of $500,000, which the Company expects to occur in 2018 and 2019, starting in the month in which Avanco receives "clear title and access" to the project. The net smelter royalties will be received throughout the life of mine of the Gurupi Project.

	June 30, 2018	December 31, 2017
Avanco - Gurupi	**$ 8,476**	$ 8,476
Total royalty interests	**$ 8,476**	$ 8,476

As at June 30, 2018, there were no indicators of impairment on Royalty interests (December 31, 2017 – $nil).

(Unaudited Tabular dollar amounts expressed in thousands of US dollars, except per share amounts and number of shares)

7. Property, plant and equipment ("PP&E")

	Plant	Vehicles	Equipment[1]	Leasehold[2]	CIP[3]	Mining properties	Total
Cost							
Balance as at January 1, 2018	$ 13,578	$ 10,662	$ 238,782	$ 2,380	$ 3,532	$ 406,973	$ 675,907
Additions	-	71	923	-	461	13,009	14,464
Disposals	-	(487)	(1,044)	-	-	-	(1,531)
Balance as at June 30, 2018	**$ 13,578**	**$ 10,246**	**$ 238,661**	**$ 2,380**	**$ 3,993**	**$ 419,982**	**$ 688,840**
Balance as at January 1, 2017	$ 13,569	$ 10,839	$ 234,635	$ 2,380	$ 5,244	$ 391,450	$ 658,117
Additions	-	97	1,732	-	2,773	15,523	20,125
Disposals	-	(381)	(1,927)	-	(27)	-	(2,335)
Reclassify within PP&E	9	107	4,342	-	(4,458)	-	-
Balance as at December 31, 2017	$ 13,578	$ 10,662	$ 238,782	$ 2,380	$ 3,532	$ 406,973	$ 675,907
Accumulated amortization and impairment							
Balance as at January 1, 2018	$ 11,903	$ 8,238	$ 200,759	$ 2,230	$ 685	$ 341,915	$ 565,730
Amortization for the period	190	150	5,196	5	-	3,752	9,293
Disposals	-	(376)	(829)	-	-	-	(1,205)
Balance as at June 30, 2018	**$ 12,093**	**$ 8,012**	**$ 205,126**	**$ 2,235**	**$ 685**	**$ 345,667**	**$ 573,818**
Balance as at January 1, 2017	$ 11,573	$ 8,513	$ 199,416	$ 2,233	$ 800	$ 335,880	$ 558,415
Amortization for the period	694	114	7,197	30	-	14,180	22,215
Impairment reversal	(364)	(119)	(4,701)	(33)	(115)	(8,145)	(13,477)
Disposals	-	(270)	(1,153)	-	-	-	(1,423)
Balance as at December 31, 2017	$ 11,903	$ 8,238	$ 200,759	$ 2,230	$ 685	$ 341,915	$ 565,730
Carrying amounts							
As at June 30, 2018	**$ 1,485**	**$ 2,234**	**$ 33,535**	**$ 145**	**$3,308**	**$ 74,315**	**$ 115,022**
As at December 31, 2017	$ 1,675	$ 2,424	$ 38,023	$ 150	$2,847	$ 65,058	$ 110,177

[1] As at June 30, 2018, the Company had equipment under capital leases at a cost and net book value of $4.2 million and $3.7 million, respectively (December 31, 2017 - $3.5 million and $3.2 million, respectively).

[2] Refers to leasehold improvements in corporate office in Brazil.

[3] Refers to construction in progress.

As at June 30, 2018, mining properties include the following properties which are in production, or are under development:

a) Turmalina Complex

The terms of the acquisition by MSOL (as incorporated via "MTL") included a royalty payable by the Company to an unrelated third party. The royalty is a net revenue interest of 5% of annual net revenue up to $10.0 million and 3% thereafter.

b) Paciência Complex

In November 2003, the Company closed a property acquisition agreement dated April 17, 2003 whereby the Company acquired certain mineral rights from AngloGold for $818,000. The mineral rights acquired relate to the following properties in the Paciência Complex: Santa Isabel, Morro do Adão, Bahu, and Marzagão, and the following properties in the Caeté Complex: Catita and Camará. The Company will also pay a sliding scale net smelter royalty ("NSR"), from 1.5% to 4.5% of gross revenue, on gold and other precious metals produced from the properties, based on precious metal prices at the time of production.

(Unaudited Tabular dollar amounts expressed in thousands of US dollars, except per share amounts and number of shares)

If the Company discovers, on a concession basis, in excess of 750,000 ounces of gold over the measured and indicated resources used in the agreement, AngloGold has the right to buy-in up to 70% of that concession for a predetermined price. If this were to occur, the Company would retain a 30% interest and would receive the same sliding scale NSR payment from AngloGold as the one mentioned above.

As at June 30, 2018 the carrying amount for the Paciência project is $nil, due to past impairment charges (December 31, 2017 - $nil).

c) Caeté Complex

The Company is required to pay royalties of 0.5% of revenue to the landowners of the Pilar mine site.

In Q1 2018, as part of refocusing its attention, resources and efforts on Turmalina and Pilar mines, and exploration growth activities, the Company made a strategic decision to temporarily suspend its Roça Grande mine operations. This temporary suspension will continue for an unspecified future period. In the three and six months ended June 30, 2018, the Company recognized $236,000 and $751,000 in care and maintenance costs associated with the Roça Grande mine ($nil and $nil, respectively, for the three and six months ended June 30, 2017).

d) Impairment and impairment reversal

The Turmalina, Caeté, and Paciência projects are each cash generating units ("CGUs") which include property, plant and equipment, mineral rights, deferred exploration costs, and asset retirement obligations net of amortization. The CGUs also include mineral exploration project assets relating to properties not in production such as mineral rights and deferred exploration costs. A CGU is generally an individual operating mine or development project.

For the three and six months ended June 30, 2018, there were no indicators of impairment or reversal of past impairment charges ($nil and $nil, respectively, during the three and six months ended June 30, 2017).

8. Mineral exploration projects

	Gurupi	Turmalina	Caeté	Pedra Branca	Total
Balance as at January 1, 2018	$ -	$ 1,215	$ 5,348	$ 405	$ 6,968
Balance as at June 30, 2018	**$ -**	**$ 1,215**	**$ 5,348**	**$ 405**	**$ 6,968**
Balance as at January 1, 2017	$ 21,213	$ 719	$ 4,077	$ 405	$ 26,414
Additions	293	496	-	-	789
Disposals	(21,506)	-	(82)	-	(21,588)
Impairment reversal	-	-	1,353	-	1,353
Balance as at December 31, 2017	$ -	$ 1,215	$ 5,348	$ 405	$ 6,968

a) Gurupi

On September 17, 2017, the Company entered into an Accelerated Earn-In Agreement ("the Accelerated Earn-In Agreement") with Avanco, pursuant to which Avanco established terms to earn up to a 100% interest in the Gurupi Project. In October 2017, the Company completed its sale of Gurupi to Avanco and transferred 100% of its quotas in MCT to Avanco, as described in Note 6.

(Unaudited Tabular dollar amounts expressed in thousands of US dollars, except per share amounts and number of shares)

b) Caeté

The Caeté mineral exploration project includes the following exploration properties: Morro de Mina, Pilar-sulphide, Catita-sulphide, Camará, Roça Grande, Serra Paraíso–sulphide, and Trindade.

c) Pedra Branca

The Company is engaged in gold exploration at its 100% owned greenfield site, the Pedra Branca Project (the "Project"), in the State of Ceará in northeastern Brazil, covering 38,000 hectares. Previously a joint venture with Glencore Canada Corporation (formerly known as Xstrata plc.), in April 2012 MSOL acquired the remaining 40% ownership of the Project via an earn-in agreement as follows: (i) a cash consideration in the amount of $400,000; (b) a net smelter royalty ("NSR") of 1% payable to Glencore Canada Corporation on future gold production; and (c) a first option to Glencore Canada Corporation upon discovery of any Base Metal Dominant Deposit. Upon such discovery, Glencore Canada Corporation may elect to form a new company owned 30% by MSOL and 70% by Glencore Canada Corporation, by paying 300% of MSOL's exploration expenditures incurred exclusively on the relevant Base Metal Dominant Area of the property. The Company executed its US$400,000 payment to Glencore Canada Corporation in April 2012 to establish its 100% ownership of the Project with the aforementioned NSR and first option commitments.

9. Accounts payable and accrued liabilities

	June 30, 2018	December 31, 2017
Accounts payable (suppliers)	**$ 9,750**	$ 11,099
Accrued payroll	**5,763**	6,492
Interest payable	**170**	77
Other	**123**	228
Total accounts payable and accrued liabilities	**$ 15,806**	$ 17,896

(Unaudited Tabular dollar amounts expressed in thousands of US dollars, except per share amounts and number of shares)

10. Notes payable

	June 30, 2018	December 31, 2017
Notes payable - current portion		
Bank indebtedness [a]	$ 5,950	$ 5,176
Capital leasing obligations [b]	1,543	1,083
Vale note [c]	490	726
Sprott Facility [d]	-	5,400
	7,983	12,385
Notes payable - non-current portion		
Capital leasing obligations [b]	390	861
Vale note [c]	676	654
Sprott Facility [d]	-	3,625
	1,066	5,140
Total notes payable	$ 9,049	$ 17,525

	June 30, 2018	December 31, 2017
Fair value of notes payable	$ 9,049	$ 17,525

a) Bank indebtedness

As at June 30, 2018, bank indebtedness included $6.0 million in unsecured promissory notes, holding maturities from September 2018 through November 2018 and bearing interest rates ranging from 4.1% to 8.0%. As at December 31, 2017, bank indebtedness included $5.2 million in unsecured promissory notes, holding maturities from March 2018 through December 2018 and bearing interest rates ranging from 4.5% to 9.6%.

b) Capital leasing obligations

The Company has financed the acquisition of certain equipment through the assumption of capital lease obligations. These obligations are secured by promissory notes. The capital lease obligations bear interest between 6.0% and 22.9% per annum and hold maturity dates between September 2019 and February 2020.

The following table outlines the total minimum loan payments due for capital leasing obligations over their remaining terms as at June 30, 2018 and December 31, 2017:

	June 30, 2018	December 31, 2017
2018	$ 865	$ 1,193
2019	1,158	956
2020	33	47
Total minimum loan payments	2,056	2,196
Less: Future finance charges	(123)	(252)
Present value of minimum loan payments	$ 1,933	$ 1,944
Less: current portion	1,543	1,083
Non-current portion	$ 390	$ 861

c) Vale note

The Vale note was generated in 2008, by the purchase of mineral rights regarding the Caeté Project for $13.3 million (“Vale Purchase Agreement”). Payment under the Vale Purchase Agreement was subject to satisfaction of certain conditions including perfection of the transfer of the mineral rights before the *Departamento Nacional de Produção Mineral* (“DNPM”). During 2010, the Company paid $3.2 million. In November 2014, the agreement was amended whereby the Company agreed to waive certain mineral rights expected to be transferred under the purchase agreement as they had not been duly conveyed. Accordingly, the outstanding indebtedness amount was reduced from $9.0 million to $3.0 million, payable in twelve installments of $250,000, maturing December and July of every year, until fully paid in 2020. The first installment was paid in December 2014. The balance outstanding as at June 30, 2018 was $1.3 million ($1.5 million as at December 31, 2017).

The note payable is recognized at its amortized cost of $1.2 million, and the discount of $83,000 is being accreted monthly using the effective interest method and applying Brazil’s risk-free interest rate (SELIC), which was 6.50% at June 30, 2018 (December 31, 2017 – 6.90%).

d) Sprott Facility

On November 7, 2016, the Company entered into an agreement with Sprott Private Resource Lending (Collector) LP ("Sprott Lending") for a secured loan facility (the "Sprott Facility") totaling $10.0 million (“Tranche 1”) to fund accelerated growth exploration initiatives. Tranche 1 of the Sprott Facility is payable over a term of 30 months, in equal monthly repayments of principal, plus interest, with an interest rate of 6.5% per annum, plus the greater of US dollar LIBOR or 1.25% per annum. In consideration for the structuring and syndication of Tranche 1, the Company has made a cash payment to Sprott Lending for structuring and legal fees. In consideration for and providing the financing commitment, the Company has issued an aggregate of 650,000 common shares of Jaguar to Sprott Lending and to Natural Resource Income Investing Limited Partnership.

The Company incurred transaction costs, totaling $584,000, to obtain Tranche 1 of the Sprott Facility, which includes legal fees, transaction fees, listing fees, and common share issuance (valued at $366,000). All transaction costs, other than the common shares, were measured and recorded at the amount paid as it represents fair value.

On June 9, 2017, the Company entered into an agreement with Sprott Lending for an additional tranche of the Sprott Facility totaling $5.0 million (“Tranche 2”). Tranche 2 of the Sprott Facility is payable over a term of 36 months, in equal monthly repayments of principal, plus interest, with an interest rate of 6.5% per annum, plus the greater of US dollar LIBOR or 1.25% per annum. In consideration for the structuring and syndication of Tranche 2, the Company has made a cash payment to Sprott Lending for legal fees. In consideration for and providing the financing commitment, the Company has issued an aggregate of 375,000 common shares of Jaguar to Sprott Lending and to Natural Resource Income Investing Limited Partnership.

The Company incurred transaction costs, totaling $246,000, to obtain Tranche 2 of the Sprott Facility, which includes legal fees, transaction fees, listing fees, and common share issuance (valued at $116,000). All transaction costs, other than the common shares, were measured and recorded at the amount paid as it represents fair value.

In May 2018, the Company reached an agreement for a new $7 million, unsecured customer advance agreement with Auramet (the “Auramet advance”) which was used in conjunction with a new Brazil debt facility of $2.4 million to fully repay the Company’s Secured Loan facility with Sprott Resource Lending, effective June 30, 2018. During the three and six months ended June 30, 2018, the Company made principal repayments of $7.9 million and $9.4 million, respectively, ($1.1 million and $2.1 million, respectively, during the three and six months ended June 30, 2017), and interest payments of $143,000 and $324,000, respectively ($191,000 and $376,000, respectively, during the three and six months ended June 30, 2017).

(Unaudited Tabular dollar amounts expressed in thousands of US dollars, except per share amounts and number of shares)

The Sprott Facility was a financial liability and was initially measured at fair value and subsequently measured at amortized cost using the effective interest method. During the three and six months ended June 30, 2018, $248,000 and $336,000, respectively, was recorded as finance costs in the interim condensed consolidated statements of operations and comprehensive loss related to the remaining accretion of the transaction costs ($101,000 and $203,000, respectively, for the three and six months ended June 30, 2017).

The Sprott Facility was provided by security agreements comprising the Company's and MSOL's present and future assets, the shares of MSOL, and a loan guarantee by MSOL. The Sprott Facility was fully repaid, effective June 30, 2018.

e) Changes in liabilities arising from financing activities

		Changes from financing cash flows			Other changes				
	Balance as at January 1, 2018	Proceeds from debt issuance	Debt repayments	Interest paid	Interest expense	Capital lease obligations	Foreign exchange (gain) loss	Other non-cash changes	**Balance as at June 30, 2018**
Notes payable	$ 17,525	$ 2,475	$ (11,904)	$ -	$ -	$ 704	$ (134)	$ 383	**$ 9,049**
Accrued interest payable [(a)]	77	-	-	(475)	581	-	-	(13)	**170**
Customer advances	-	7,000	-	-	-	-	-	-	**7,000**
	$ 17,602	$ 9,475	$ (11,904)	$ (475)	$ 581	$ 704	$ (134)	$ 370	**$ 16,219**

		Changes from financing cash flows			Other changes				
	Balance as at January 1, 2017	Proceeds from debt issuance	Debt repayments	Interest paid	Interest expense	Capital lease obligations	Foreign exchange (gain) loss	Other non-cash changes	**Balance as at December 31, 2017**
Notes payable	$ 22,590	$ 4,870	$ (11,710)	$ -	$ -	$ 1,091	$ 263	$ 421	**$ 17,525**
Accrued interest payable [(a)]	154	-	-	(1,571)	1,494	-	-	-	**77**
	$ 22,744	$ 4,870	$ (11,710)	$ (1,571)	$ 1,494	$ 1,091	$ 263	$ 421	**$ 17,602**

(a) Included in Accounts payable and accrued liabilities

11. Customer advances

	June 30, 2018	December 31, 2017
Auramet International LLC	**$ 7,000**	$ -
Total customer advances	**$ 7,000**	$ -

a) Auramet advance

On May 9th, 2018, the Company entered into an agreement with Auramet International LLC for an unsecured customer advance ("Auramet advance") in the form of a gold purchase and sale agreement whereby Auramet extended up to $7 million in minimum prepayment amounts each of $1 million to Jaguar. As part of the agreement, the Company is required to maintain a $2 million margin deposit with Auramet. Funds advanced under the Auramet advance are subject to interest at 1-month LIBOR + 7.5%, and hold a covenant to maintain a minimum net cash balance of $5 million, including a margin deposit. The Auramet advance matures, requiring settlement in full, by May 31, 2019.

On May 9th, 2018, the Company also agreed to a European style gold call options agreement with Auramet whereby Auramet holds an option to purchase up to 7,000 ounces of gold (1,000 ounces per month) at a strike price of US$1,450 per ounce on expiration dates maturing monthly between May 2019 and November 2019. As at and for the three and six months ended June 30, 2018, the call options remained outstanding, spot gold prices remained below the call option's strike price, and the Company recorded no gain or loss to the condensed interim statements of operations and comprehensive loss ($nil and $nil, respectively, for the three and six months ended June 30, 2017).

(Unaudited Tabular dollar amounts expressed in thousands of US dollars, except per share amounts and number of shares)

Prior to June 30, 2018, Jaguar received $7 million in proceeds pursuant to the Auramet advance, and in July 2018, the Company made the $2 million margin deposit (Note 3).

12. Other taxes payable

	December 31, 2017	Additions (reversals)	Accretion	Payments	Foreign exchange	June 30, 2018
ICMS settlement due	$ -	$ 2,382	$ -	$ -	$ -	**$ 2,382**
Less: current portion	-					**525**
Non-current portion	$ -					**$ 1,857**

In June 2018, the Company decided to enter into an Administrative Agreement with the Minas Gerais State Tax Authority in order to pay a historical debt (2008 – 2014) of R$8.3 million (approximately $2.2 million) in ICMS taxes and R$0.7 million (approximately $0.2 million) in associated fees due. The agreement was ratified by the parties in July 2018.

This debt has its origin in ICMS levied on electricity ("Demanda Contratada") in which the Superior Courts have been ruled in the taxpayer's favour. The Company had filed an appeal against the levy of the ICMS and the likelihood of the Company losing the appeal was remote. Although the Company would likely win the judicial lawsuit, the Company took the decision to pay the mentioned debt in instalments, using its tax credits (non-cash), in order to facilitate and accelerate its ICMS tax credits recovery as cash.

13. Reclamation provisions

	December 31, 2017	Additions (reversals)	Accretion	Payments	Foreign exchange	June 30, 2018
Reclamation provision	$ 18,041	$ -	$ 571	$ (95)	$ (2,599)	**$ 15,918**
Less: current portion	528					**383**
Non-current portion	$ 17,513					**$ 15,535**

The reclamation provisions relate to the cost to reclaim land that has been disturbed as a result of mining activity. The estimated future cash flows have been discounted using a rate of 6.50% and the inflation rate used to determine future expected cost ranges from 3.8% to 4.0% per annum (December 31, 2017 – 6.50% discount rate and inflation rate ranging from 3.8% to 4.0% per annum).

The Company expects to spend approximately $19.0 million (amount not discounted or adjusted for inflation) which will be incurred between 2018 and 2029 to reclaim the areas explored (December 31, 2017 – $22.2 million).

(Unaudited Tabular dollar amounts expressed in thousands of US dollars, except per share amounts and number of shares)

14. Other provisions and liabilities

Various legal, environmental, tax and regulatory matters are outstanding from time to time due to the nature of the Company's operations. For its matters outstanding, Management, in conjunction with its internal and external legal counsel, assesses the estimated value at risk and the Company's probability of loss. A provision is recorded for cases in which the Company has determined the probability of loss as more likely than not and the amount can be reasonably estimated. In the event that management's estimate of the future resolution of these matters changes, the Company will recognize the effects of the changes in its consolidated financial statements on the date such changes occur.

As at June 30, 2018, the Company has recognized a provision of $9.9 million (December 31, 2017 - $11.4 million) representing management's best estimate of expenditures required to settle present obligations, as noted in the table below. The ultimate outcome or actual cost of settlement may vary materially from management estimates due to the inherent uncertainty regarding the Company's estimates.

	December 31, 2017	Additions (reversals)	Payments	Foreign exchange	June 30, 2018
Labour litigation	$ 9,430	$ 1,367	$ (1,365)	$ (1,299)	**$ 8,133**
Civil litigation	1,659	202	(53)	(262)	**1,546**
Other provisions	276	36	-	(43)	**269**
Total contingent liabilities	$ 11,365	$ 1,605	$ (1,418)	$ (1,604)	**$ 9,948**
Less: current portion	4,069				**3,916**
Non-current portion	$ 7,296				**$ 6,032**

15. Capital stock

a) Common shares

The Company is authorized to issue an unlimited number of common shares. All issued shares are fully paid and have no par value. Changes in common shares for six months ended June 30, 2018 and 2017 are as follows:

		Number of shares	Amount
Balance as at December 31, 2017		325,115,403	$ 545,693
Balance as at June 30, 2018		**325,115,403**	**$ 545,693**
Balance as at December 31, 2016		307,115,675	$ 539,802
Shares issued from private placement[1]		17,624,728	5,775
Shares issued to Sprott Lending	Note 10(d)	375,000	116
Balance as at June 30, 2017		**325,115,403**	**$ 545,693**

1) On June 15, 2017, the Company closed a non-brokered private placement facility whereby it issued 17,624,728 common shares of the Company at a price of C$0.44 per common share for gross proceeds of $5.8 million, net of transaction costs of $51,000.

b) Warrants

As part of the 2015 Senior Secured Convertible Debentures financing, the Company issued finder warrants ("Finder Warrants"). The Finder Warrants have an exercise price of C$0.15 per common share and expire on October 27, 2018. An aggregate of 6,607,833 Finder Warrants were issued in connection with the Debentures Financing, valued at $202,000. As at June 30, 2018, 3,073,411 Finder Warrants remain outstanding (December 31, 2017 – 3,073,411 warrants outstanding).

(Unaudited Tabular dollar amounts expressed in thousands of US dollars, except per share amounts and number of shares)

c) Stock options

The Stock Option Plan ("SOP") provides for the issuance of options to employees, directors, or officers of the Company or any of its subsidiaries or affiliates, consultants, and management employees.

The aggregate number of shares available at all times for issuance under the SOP shall not exceed 10% of the total issued and outstanding common shares of the Company (calculated on a non-diluted basis). Any option, which has been exercised, cancelled or forfeited, will again be available for grant under the SOP. The Board of Directors has the power to determine terms of any options and units granted under the Company's incentive plans, including setting exercise prices, vesting terms and expiry dates.

The following table shows the movement of stock options for the six months ended June 30, 2018 and 2017:

	Number of options		Weighted average exercise price (C$)
Balance as at December 31, 2017	9,445,581	$	0.36
Options granted[1]	1,574,000		0.37
Options forfeited[3]	(801,437)		0.51
Balance as at June 30, 2018	**10,218,144**	**$**	**0.35**
Balance as at December 31, 2016	8,311,841	$	0.33
Options granted[2]	733,740		0.70
Balance as at June 30, 2017	**9,045,581**	**$**	**0.36**

1) On January 23, 2018, 1,574,000 stock options were granted to executives of the Company. The options are exercisable at a price of C$0.37 and expire on January 23, 2026. The options vest on a quarterly basis, in twelve equal instalments, starting on April 23, 2018 and are exercisable upon vesting. These options had a grant date fair value of C$0.23 per option, measured using the Black-Scholes option pricing formula with inputs as follows: an exercise price of C$0.37, a risk free rate of 1.88%, a volatility factor of 110%, and an expected life of 3.0 years.

2) On January 27, 2017, 733,740 stock options were granted to executives of the Company. The options are exercisable at a price of C$0.70 and expire on January 27, 2025. The options vest on a quarterly basis, in twelve equal instalments, starting on April 27, 2017 and are exercisable upon vesting. These options had a grant date fair value of C$0.48 per option, measured using the Black-Scholes option pricing formula with inputs as follows: an exercise price of C$0.70, a risk-free rate of 1%, a volatility factor of 125%, and an expected life of 2.5 years.

3) Relates to the forfeiture of the options of former executives upon contract termination.

The table below shows the outstanding stock options as at June 30, 2018:

(Unaudited Tabular dollar amounts expressed in thousands of US dollars, except per share amounts and number of shares)

Weighted average exercise price (C$)	Grant date	Number of options outstanding	Number of options exercisable	Estimated fair value at grant date (US$ per option)	Expiry date
$ 0.22	December 16, 2015	7,000,000	5,833,333	$ 0.05	December 16, 2020
0.33	September 21, 2017	216,667	66,667	0.22	September 21, 2022
0.37	January 23, 2018	1,282,833	118,666	0.20	January 23, 2026
0.70	January 27, 2017	642,022	305,725	0.36	January 27, 2025
0.74	August 8, 2016	280,825	206,924	0.34	August 8, 2021
0.76	November 7, 2016	483,956	322,637	0.37	November 7, 2021
1.35	May 12, 2014	236,841	236,841	0.38	May 12, 2022
1.35	October 8, 2014	75,000	75,000	0.19	October 8, 2019
$ 0.33		**10,218,144**	**7,165,793**	**$ 0.12**	

The following table is a summary of stock options outstanding during the six months ended June 30, 2018 and 2017, the fair values and the weighted average assumptions used in the Black-Scholes option pricing formula:

	Number of options	Exercise Price (C$)	Dividend yield	Risk-free interest rate	Forfeiture rate	Expected life (years)	Volatility factor	Fair value (US$)
Stock options 2018	**10,218,144**	**$ 0.35**	**-**	**1.00%**	**0%**	**3.69**	**77%**	**$ 0.12**
Stock options 2017	9,045,581	$ 0.36	-	1.00%	0%	3.71	74%	$ 0.12

The expected volatility was estimated using the Company's historical data from the date of grant and for a period corresponding to the expected life of the options. For the three and six months ended June 30, 2018, the Company recognized $37,000 and $113,000, respectively, in stock based compensation expense for stock options in the interim condensed consolidated statements of operations and comprehensive loss ($125,000 and $264,000, respectively, for the three and six months ended June 30, 2017).

Subsequent to June 30, 2018, the Company granted 317,833 stock options to executives of the Company. The options are exercisable at a price of C$0.32 and expire on July 30, 2026. The options vest on a quarterly basis, in twelve equal instalments, starting on October 30, 2018 and are exercisable upon vesting.

d) Deferred share units – "DSUs"

The deferred share unit plan ("DSU Plan") provides awards to employees, directors, or officers of the Company. DSU means a right to receive, on a deferred basis, previously unissued shares in accordance with the terms of the DSU Plan. Vested DSUs shall be redeemed in whole or in part for shares issued from treasury or, subject to the approval of the Company, cash. The Company accounts for these awards as equity awards. The maximum number of shares reserved for issuance under the DSU Plan, at any time, shall be 11,111,111.

The following table shows the movement of DSUs for the six months ended June 30, 2018 and 2017:

	Number of units	Weighted average fair value
Balance as at December 31, 2017	2,793,964	$ 0.42
Units granted[1]	2,463,000	0.29
Units forfeited[3]	(342,302)	0.37
Balance as at June 30, 2018	**4,914,662**	**$ 0.36**
Balance as at December 31, 2016	1,583,805	$ 0.37
Units granted[2]	1,177,160	0.48
Balance as at June 30, 2017	**2,760,965**	**$ 0.42**

1) On January 23, 2018, the Company granted 191,000 deferred shared units ('DSUs') to each of the non-executive directors, totalling a grant of 1,337,000 DSUs, 50% of which vested immediately, with the remaining 50% vesting July 28, 2018. The DSUs are exercisable upon the retirement of such directors. In addition, the Company granted executives of the Company 563,000 time-vested DSUs, that vest on a quarterly basis, in twelve equal instalments, starting on April 23, 2018, and 563,000 performance-vested DSUs, that shall vest if the Company's stock price reaches C$1.00 measured on a 5-day VWAP basis, and is maintained at that level for at least 20 consecutive trading days. The DSUs granted to executives of the Company are exercisable upon vesting. The DSUs granted in January 2018 had a total grant date fair value of $714,000, measured at US$0.29/share.

2) On January 27, 2017, the Company granted 103,400 deferred shared units ('DSUs') to each of the non-executive directors, totalling a grant of 620,400 DSUs, 50% of which vested immediately, with the remaining 50% vested July 27, 2017. The DSUs are exercisable upon the retirement of such directors. In addition, the Company granted executives of the Company 278,380 time-vested DSUs, that vest on a quarterly basis, in twelve equal instalments, starting on April 27, 2017, and 278,380 performance-vested DSUs, that shall vest if the Company's stock price reaches C$1.00 measured on a 5-day VWAP basis, and is maintained at that level for at least 20 consecutive trading days. The DSUs granted to executives of the Company are exercisable upon vesting. The DSUs granted in January 2017 had a total grant date fair value of $565,000, measured at US$0.48/share.

3) Relates to the forfeiture of the DSUs of former executives upon contract termination.

For three and six months ended June 30, 2018, the Company recognized $93,000 and $424,000, respectively, in stock based compensation expense for DSUs in the condensed interim consolidated statements of operations and comprehensive loss ($122,000 and $439,000, respectively, for the three and six months ended June 30, 2017).

Subsequent to June 30, 2018, the Company granted executives of the Company 100,033 time-vested DSUs, that vest on a quarterly basis, in twelve equal instalments, starting on October 30, 2018, and 100,033 performance-vested DSUs, that shall vest if the Company's stock price reaches C$1.00 measured on a 5-day VWAP basis, and is maintained at that level for at least 20 consecutive trading days. The DSUs granted to executives of the Company are exercisable upon vesting.

16. Basic and diluted earnings per share

Dollar amounts and share amounts in thousands, except per share amounts.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	**2018**	2017
Numerator				
Net income (loss) - basic and diluted	**$ (1,334)**	$ (3,323)	**$ (3,115)**	$ (11,200)
Net income (loss) for the purpose of diluted income (loss) per share	**$ (1,334)**	$ (3,323)	**$ (3,115)**	$ (11,200)
Denominator				
Weighted average number of common shares outstanding - basic and diluted	**325,115,403**	310,107,388	**325,115,403**	308,619,796
Basic and diluted income (loss) per share	**$ (0.00)**	$ (0.01)	**$ (0.01)**	$ (0.04)

The determination of the weighted average number of common shares outstanding for the calculation of diluted earnings per share does not include the following effect of options, deferred shares units since they are anti-dilutive to loss per share:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	**2018**	2017
Stock options	**10,555,796**	9,045,581	**10,538,739**	8,936,128
Deferred share units	**5,047,371**	2,760,965	**4,783,758**	2,585,367
Warrants	**3,073,411**	3,073,411	**3,073,411**	3,073,411
Anti-dilutive instruments	**18,676,578**	14,879,957	**18,395,908**	14,594,906

17. Operating costs

		Three Months Ended June 30,		Six Months Ended June 30,	
		2018	2017	**2018**	2017
Direct mining and processing costs	*Note 4*	**$ 11,506**	$ 14,795	**$ 25,965**	$ 35,000
Royalty expense and CFEM taxes		**712**	638	**1,638**	1,587
Inventory write-down	*Note 4*	**-**	553	**-**	929
Other		**138**	4	**152**	(18)
Operating costs		**$ 12,356**	$ 15,990	**$ 27,755**	$ 37,498

18. Change in other provisions and VAT taxes

		Three Months Ended June 30,		Six Months Ended June 30,	
		2018	2017	**2018**	2017
Change in legal provisions	*Note 14*	**$ 1,092**	$ 932	**$ 1,605**	$ 1,061
Changes in provision against recoverability of VAT and other taxes	*Note 5*	**(245)**	(884)	**(122)**	1,135
Total change in legal provisions and VAT taxes		**$ 847**	$ 48	**$ 1,483**	$ 2,196

(Unaudited Tabular dollar amounts expressed in thousands of US dollars, except per share amounts and number of shares)

19. Other operating expenses

	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017
Other expenses (recoveries)	**551**	(433)	**868**	(94)
Other taxes[1]	**1,120**	1,327	**1,151**	1,341
Restructuring costs[2]	**286**	-	**555**	-
Total other operating expenses	**$ 1,957**	$ 894	**$ 2,574**	$ 1,247

[1] Includes $1.1 million in ICMS principal and associated costs due on the ICMS tax historical debt due, as further explained in Note 12.

[2] Refers to restructuring costs, including relocation costs, personnel costs, and other costs, incurred in association with the Company's suspension of the Roça Grande mine.

20. Foreign exchange (gain) loss

		Three Months Ended June 30, 2018	Three Months Ended June 30, 2017	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017
Loss on recoverable taxes	*Note 5*	**$ 3,130**	$ 1,172	**$ 3,217**	$ 387
(Gain) on reclamation provision	*Note 13*	**(2,507)**	(879)	**(2,599)**	(291)
(Gain) on contingent liabilities and other provisions	*Note 14*	**(1,550)**	(561)	**(1,604)**	(180)
(Gain) loss on other foreign exchange		**(649)**	(202)	**(300)**	74
Total foreign exchange (gain)		**$ (1,576)**	$ (470)	**$ (1,286)**	$ (10)

21. Financial instruments loss (gain)

	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017
Changes in fair value of derivatives	**$ 629**	$ (375)	**$ 782**	$ (347)
Realized loss on derivatives	**1,010**	-	**959**	-
Total financial instruments loss (gain)	**$ 1,639**	$ (375)	**$ 1,741**	$ (347)

22. Finance costs

	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017
Interest expense	**$ 1,074**	$ 1,178	**$ 1,523**	$ 2,373
Accretion expense[1]	**281**	275	**608**	646
Total finance costs	**$ 1,355**	$ 1,453	**$ 2,131**	$ 3,019

[1] Refers to accretion of interest expense on reclamation provisions and bank indebtedness.

(Unaudited Tabular dollar amounts expressed in thousands of US dollars, except per share amounts and number of shares)

23. Other non-operating expenses (recoveries)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	**2018**	2017
Interest income	**$ (139)**	$ (44)	**$ (316)**	$ (400)
Loss on disposition of property	**-**	372	**193**	663
Other non-operating expenses	**230**	26	**296**	64
Total other non-operating expenses	**$ 91**	$ 354	**$ 173**	$ 327

24. Cash flow – other operating activities (recovery) expense

		Three Months Ended June 30,		Six Months Ended June 30,	
		2018	2017	**2018**	2017
Stock-based compensation	*Note 15 (c)(d)*	**$ 130**	$ 247	**$ 521**	$ 702
Non-cash other operating expense		**-**	722	**-**	722
Reclamation (expenditure)		**-**	(94)	**-**	(214)
Loss on disposition of PP&E		**-**	(35)	**193**	256
Provision (recovery) for VAT and other taxes	*Note 18*	**(146)**	(884)	**(23)**	1,135
Other operating activities (recovery) expense		**$ (16)**	$ (44)	**$ 691**	$ 2,601

25. Cash flow – changes in working capital

		Three Months Ended June 30,		Six Months Ended June 30,	
		2018	2017	**2018**	2017
Restricted cash		**$ 609**	$ -	**$ (184)**	$ -
Inventory		**(885)**	(1,313)	**174**	(915)
Recoverable taxes		**(1,151)**	1,278	**480**	(1,307)
Other accounts receivable		**18**	396	**25**	521
Prepaid expenses and other assets		**457**	923	**218**	172
Derivatives receivable		**(611)**	-	**(611)**	-
Accounts payable and accrued liabilities		**(931)**	(3,966)	**(2,300)**	(2,959)
Taxes payable		**(4)**	-	**(4)**	-
Reclamation provisions	*Note 13*	**(30)**	-	**(95)**	-
Derivatives payable		**930**	-	**930**	
Other provisions	*Note 14*	**(852)**	(1,493)	**(1,418)**	(1,994)
Changes in working capital		**$ (2,450)**	$ (4,175)	**$ (2,785)**	$ (6,482)

(Unaudited Tabular dollar amounts expressed in thousands of US dollars, except per share amounts and number of shares)

26. Financial liabilities and other commitments

In the normal course of business, the Company enters into contracts that give rise to commitments for future minimum payments. The following table summarizes the remaining undiscounted contractual maturities of the Company's financial liabilities and other commitments:

As at June 30, 2018	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years	Total
Financial Liabilities					
Accounts payable and accrued liabilities [1]	$ 15,806	$ -	$ -	$ -	**$ 15,806**
Notes payable					
Principal					
Bank indebtedness [2]	5,950	-	-	-	**5,950**
Capital leasing obligations	1,667	389	-	-	**2,056**
Vale note	500	750	-	-	**1,250**
Interest	279	10	-	-	**289**
Customer advances					
Principal					
Auramet advance	7,000	-	-	-	**7,000**
Interest	582	-	-	-	**582**
Total financial liabilities	$ 31,784	$ 1,149	$ -	$ -	**$ 32,933**
Other Commitments					
Operating lease agreements	$ 44	$ -	$ -	$ -	**$ 44**
Suppliers' agreements [3]	491	-	-	-	**491**
Other provisions and liabilities	3,916	6,032	-	-	**9,948**
Reclamation provisions [4]	370	4,386	5,466	8,727	**18,949**
Total other commitments	$ 4,821	$ 10,418	$ 5,466	$ 8,727	**$ 29,432**
Total	**$ 36,605**	**$ 11,567**	**$ 5,466**	**$ 8,727**	**$ 62,365**

[1] Amounts payable as at June 30, 2018.

[2] Bank indebtedness represents the principal on Brazilian short-term bank loans which are renewed in 180 day periods.

[3] Purchase obligations for supplies and consumables - includes commitments related to new purchase obligations to secure a supply of cyanide, reagents, mill balls and other spares. The Company has the contractual right to cancel the mine operation contracts with 30 days advance notice. The amount included in the commitments table represents the contractual amount due within 30 days.

[4] Reclamation provisions - amounts presented in the table represent the undiscounted uninflated future payments for the expected cost of reclamation.

27. Capital disclosures

The Company manages its capital structure in order to support the acquisition, exploration and development of mineral properties, and to maximize return to stakeholders through a flexible capital structure which optimizes the costs of capital and the debt and equity balance. The Company sets the amount of capital in proportion to risk by managing the capital structure and making adjustments in light of changes in economic conditions and the risk characteristics of the underlying assets. To adjust or maintain its capital structure, the Company may adjust the amount of long-term debt, enter into new credit facilities or issue new equity.

As at June 30, 2018, the Company's capital structure is comprised of $9.0 million in notes payable (Note 10), $7.0 million in customer advances, and $115.8 million in shareholders' equity (December 31, 2017: $17.5 million, $nil, and $118.4 million, respectively).

At June 30, 2018, the Company is not subject to externally imposed capital requirements other than those stipulated by the Auramet advance (Note 11).

28. Financial risk management and financial instruments

The Company's activities expose it to a variety of financial risks, including but not limited to: credit risk, liquidity risk, currency risk, interest rate risk, and price risk.

a) Liquidity risk

As at June 30, 2018, the Company had a net working capital of $4.0 million and an accumulated deficit of $452.8 million. The Company realized a net loss for the three and six months ended June 30, 2018 amounting to $1.3 million and $3.1 million, respectively. The Company's financial liabilities and other commitments are listed in Note 26.

To manage its liquidity risk, the Company undergoes an in-depth budgeting process each year which is supplemented by a continuous detailed cash forecasting process. Future financing requirements, if any, will depend on a number of factors that are difficult to predict and are often beyond the control of the Company. The main factor is the realized price of gold received for gold produced from the Company's operating mines and the operating and capital costs of those mines. Other key factors include the Company's ability to continue to renew its Brazilian facilities and manage the payment process relating to its Brazilian labour provisions (refer to Note 14).

b) Derivative financial instruments

The Company assesses its financial instruments and non-financial contracts on a regular basis to determine the existence of any embedded derivatives which would be required to be accounted for separately at fair value and to ensure that any embedded derivatives are accounted for in accordance with the Company's policy.

The Company entered into gold forward contracts to economically hedge against the risk of declining gold prices for a portion of its forecasted gold sales and recognized the income and losses of such in the condensed interim statements of operations and comprehensive loss as detailed in Note 21. As at June 30, 2018, the Company's outstanding gold forward contracts held 9,802 ounces hedged at a weighted average price of US$1,313/oz (June 30, 2017 – no outstanding contracts). The contracts have expiry dates ranging from 30 to 90 days and orders unfulfilled prior to expiry are renewed automatically for a period equal to that contracted. The changes in the fair value of these contracts are recognized in the interim condensed consolidated statement of operations. The Company does not apply hedge accounting for these hedge instruments.

The Company also entered into a European style gold call options agreement with Auramet providing Auramet an option to purchase up to 7,000 ounces of gold (1,000 ounces per month) at a strike price of US$1,450 per ounce on expiration dates maturing monthly between May 2019 and November 2019, as further detailed in Note 11.

c) Currency risk

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. Financial instruments that impact the Company's net earnings due to currency fluctuations include: Brazilian reais and Canadian dollar denominated cash and cash equivalents, recoverable taxes, accounts payable and accrued liabilities, income taxes payable, reclamation and other provisions, deferred compensation liabilities, Euro denominated capital lease obligations, and foreign exchange call and put option contracts.

The Company entered into European style foreign exchange call and put option contracts with Western Union, holding expiration periods between 60 days and 180 days, to economically hedge against the risk of the US dollar depreciating against the Brazilian real. The changes in the fair value of these contracts are recognized in the interim condensed consolidated statement of operations. The Company does not apply hedge accounting for these hedge instruments.

As at June 30, 2018, the Company´s outstanding foreign exchange hedge contracts hosted $14.8 million in total options outstanding, and the Company held a $1.4 million open loss position due to Western Union. The call options outstanding held strike prices between R$3.255/USD and R$4.00/USD and expiry dates from July 2018 through November 2018. The put options outstanding held strike prices between R$3.255/USD and R$3.60/USD and expiry dates from July 2018 through November 2018.

Subsequent to June 30, 2018, the Company engaged an additional $2 million in foreign exchange hedge contracts, including $1 million in put options with a strike price at R$3.60/USD expiring in November 2018 and $1 million in call options with a strike price at R$3.95/USD also expiring in November 2018.

d) Interest rate risk

The Company is potentially exposed to interest rate risk on its outstanding borrowings and short-term investments. The Company managed its risk by entering into agreements with fixed interest rates on all of its debt with interest rates ranging from 0% to 9.6% per annum (2016 – 0% to 8.5% per annum), with the exceptions being (i) one capital lease obligation bearing interest at a fixed rate of 22.85% per annum and (ii) the customer advance with Auramet at a rate of 7.5% plus the 12-month US dollar LIBOR rate.

e) Price risk

The Company is exposed to price risk with respect to gold prices on gold production. The Company periodically enters into hedge contracts to manage this risk and to secure future sales terms with customers. As at June 30, 2018, the Company had the outstanding gold forward hedge contracts detailed in Note 28(b) (June 30, 2017 – Nil ounces hedged).

29. Related party transactions

The Company incurred legal fees from Azevedo Sette Advogados (“ASA”), a law firm where Luis Miraglia, a director of Jaguar is a partner. Fees paid to ASA are recorded at the exchange amount, representing the amount agreed to by the parties and included in general and administrative expenses in the interim condensed consolidated statements of operations and comprehensive loss. Legal fees paid to ASA for the three and six months ended June 30, 2018 were $nil and $42,000, respectively ($13,000 and $57,000, respectively, for the three and six months ended June 30, 2017).

On November 7, 2016 and on June 9, 2017, the Company entered into two secured loan facilities with Sprott Private Resource Lending (Collector) LP, which is an indirectly wholly-owned subsidiary of Sprott Inc., of which the Chairman is Mr. Eric Sprott. Mr. Sprott was a shareholder, holding approximately 21.9% of the common shares as at June 30, 2018. On June 28, 2018, the Company fully repaid both secured loan facilities. Refer to Note 10(d) for further information regarding the facilities.